

COVER SHEET TO HORMEL FOODS CORPORATION HOG PROCUREMENT AGREEMENT

Hormel Foods Corporation
1 Hormel Place
Austin MN 55912-3680

Producer: _____

Address: _____

Designated delivery plant(s) [check one]:

____ Austin MN

Contact Person: _____

____ Fremont NE

Phone No.: _____

____ Both Austin MN & Fremont NE

E-Mail Address: _____

**THIS DOCUMENT IS A LEGAL CONTRACT BETWEEN
HORMEL FOODS CORPORATION AND YOU.**

READ YOUR CONTRACT CAREFULLY. This cover sheet provides only a brief summary of your contract. This is not the contract and only the terms of the actual contract are legally binding. The contract itself sets forth, in detail, the rights and obligations of both you and us. **IT IS THEREFORE IMPORTANT THAT YOU READ YOUR CONTRACT CAREFULLY.**

MATERIAL RISK DISCLOSURE STATEMENT

Please carefully consider the following risk factors in addition to your personal animal husbandry skills, management skills, experience and knowledge before signing this contract.

SWINE PRODUCTION RISKS

- Raising swine for profit depends on many factors. Performance under the terms of this contract does not ensure that you will make a profit. Your profitability is affected by numerous factors. Such factors include, but are not limited to, your own animal husbandry and management skills, herd health, adverse weather conditions, and catastrophic loss of facilities or hogs.
- You bear all risks of production of market hogs until risk of loss passes to us at our plant as specified in the carcass pricing rules section of our Carcass Buying Program, which is subject to change. Such risks include, but are not limited to, poor farrowing rates, disease, death loss, poor feed conversion, and sort loss.
- While you may be excused from failure to deliver the agreed number of hogs under the "Force Majeure" circumstances described in the contract, hog health or diseases (unless the subject of a governmental mandate) and financial and market conditions do not constitute acceptable excuses.
- You are required to comply with Level III of the Pork Quality Assurance Program of America's Pork Producers and any other HACCP or quality program that may be established by us or any governmental agency, and any changes to such programs. Changes in such programs may impose more stringent requirements, with related increased compliance costs, than the program requirements in place prior to the change.
- We must agree to any changes to certain aspects of your hog production operation as set forth in the contract.

FINANCIAL RISKS

- This contract is not a "cost plus" contract. This means that you are not assured of covering all of your costs of operation, or of earning a profit, by performing in accordance with the contract terms.
- This long-term contract requires you and us to agree to a specific supply arrangement for the entire term of the contract. This may turn out not to be the most beneficial way for you to market your hogs.
- This contract replaces any prior contract between you and us relating to the hog production operation supplying hogs under this contract. This contract may turn out not to be as beneficial to you as your prior contract.
- Financing of your swine production operation may exceed costs anticipated by you.